

2016

Mid-sized Enterprise (ME) IT Challenges: Five No-Brainer Solutions



ME IT Challenges: Five No-Brainer Solutions

From delivering new services and meeting service quality expectations to avoiding data breaches, Mid-sized Enterprises (defined as up to 5,000 employees) face all of the same challenges as larger enterprises, but have smaller budgets and fewer IT resources to apply. Hence, they must be smart about their choices.

In this eBook, we explore 5 top IT challenges MEs face and suggest practical solutions that help drive IT and business success.

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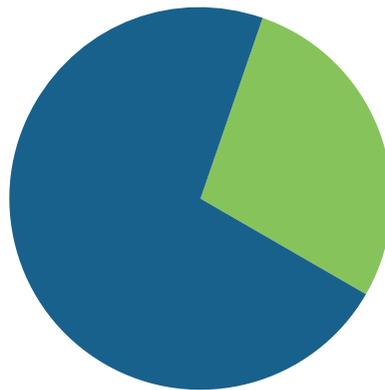
Delivering New Services

The Challenge

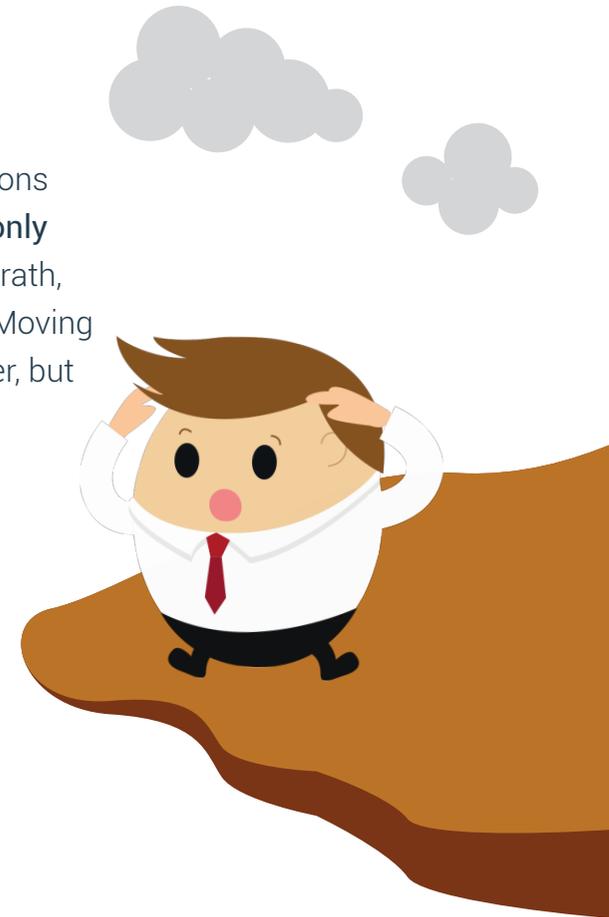
With limited resources, ME IT teams find it difficult to deliver new services at the speed of the business. Often, too much staff time is spent on managing existing services, while the new projects don't get the resources they need.

According to a Forrester Research¹ survey of IT leaders at more than 3,700 companies, respondents estimated that they **spend an average 72%** of the money in their budgets on keep-the-lights-on functions such as replacing or expanding capacity and supporting ongoing operations and maintenance, **while only 28% of the money goes toward new projects**. Columbia Business School Professor Rita Gunther McGrath, who examined this issue for her book *The End of Competitive Advantage: How to Keep Your Strategy Moving as Fast as Your Business*, says, **"I think it should be no more than 50%."** Most IT leaders agree with her, but struggle to achieve that 50-50 split.

72%
Keep-the-lights-on



28%
New projects



Delivering New Services

Applying resources to important IT projects is crucial to business success. According to a recent Forbes article², the top three ME business priorities (profitability, growth, and reducing operational costs), are tightly linked to the top three IT priorities:

1. Cloud computing - using on-demand, pay-as-you-go solutions to deliver new services quickly and more efficiently.

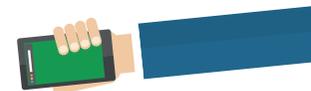
2. Social media - leveraging the power of social media to improve communication and information sharing.

3. Mobility solutions - putting applications at employees fingertips to improve productivity and response time.

IT organizations that free up the resources to address these IT priorities help the company achieve its business goals.

1. Source: Computerworld: How to balance maintenance and IT innovation

2. Source: Forbes: Roundup Of Small & Medium Business Cloud Computing Forecasts And Market Estimates, 2015



Delivering New Services

Practical Solutions

IT leaders can free up resources and deliver new services by using technology, taking a “Cloud First” approach and focusing on the highest impact projects.

Use Technology. Technology can increase day-to-day operational efficiency and free up staff time to work on new projects. **Over 70% of staff time is spent supporting existing services,** usually because incomplete information, repetitive manual work, and management through spreadsheets takes too much time. ME IT leaders should evaluate leading IT management and automation technology which can substantially improve IT team efficiency and allow more time to be spent on important IT projects.

Look to the Cloud First. Help your team become “Cloud Gurus”. Every day, new cloud solutions become available. By freeing up time for training and research, the IT team can become the trusted advisors to the business, helping to choose effective, reliable and secure cloud solutions that meet business needs.

Choose Wisely. Apply good business practice in choosing which projects to prioritize. If the project doesn't increase revenue, improve efficiencies and/or reduce costs, question its need and priority. Calculate the cost of implementation, time to value, and return over time for each major project, and be ruthless about which projects make the cut.



Meeting Service Level Expectations

The Challenge

Just like large enterprises, if an ME's IT services are down, so is the business – and downtime is expensive! According to the Aberdeen Group³, MEs have an **average cost of downtime of \$74K per hour**, resulting in **total annual downtime cost of \$880,600**. Aberdeen Group calculates the costs of downtime using both labor cost and revenue lost per hour of downtime. In fact, between small businesses, small medium enterprises, and large enterprises, MEs are most susceptible to the cost of downtime.

Of course downtime varies by size of company, industry, application, etc., so MEs should assess their own cost of downtime for mission-critical applications in their business. Understanding this helps IT set priorities and make choices in concert with their business partners.

So what do IT leaders need to do to minimize downtime and not just meet, but exceed service level expectations?

3. Source: Aberdeen Group: Why Mid-Sized Enterprises Need Enterprise Grade Disaster Recovery

\$74k
per hour downtime



\$880,600
annual downtime cost

Meeting Service Level Expectations

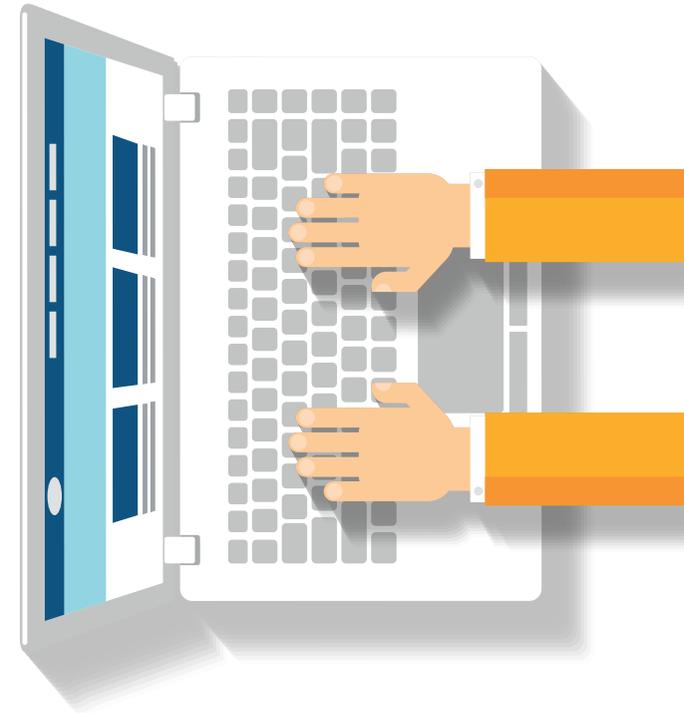
Practical Solutions

While it is difficult to eliminate all downtime, there are three important steps every IT organization can take to substantially reduce it and meet service level expectations:

Build in the right level of infrastructure redundancy. Don't let a server failure or a network outage negatively impact a mission-critical application and your business. Effective redundancy will be a lot less expensive.

Implement a recovery and back-up solution. Today, there are cloud solutions that will meet your RPO (Recovery Point Objective) and RTO (Recovery Time Objective) and won't break the bank. Again, extensive outages cost much more.

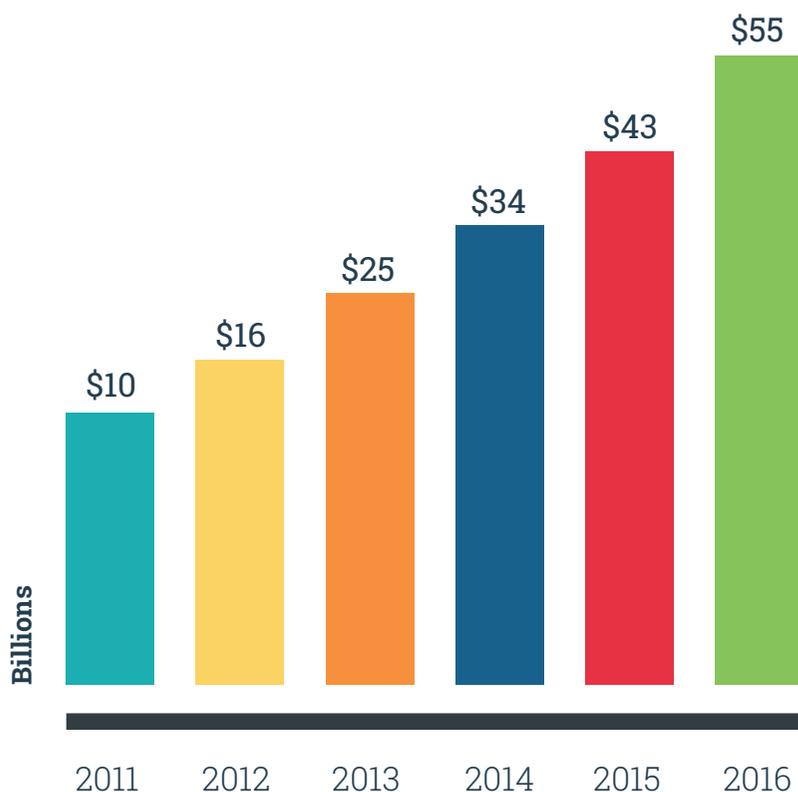
Identify and resolve issues before service interruption. Service interruption means downtime, and downtime equals loss of money! If there is a risk condition (no service outage yet, but an issue has put your services at risk), service degradation, or an actual service outage, you want to resolve it quickly. And the key to resolving it quickly is identifying the source of the problem. Over 70% of the time taken to resolve an issue is spent identifying the cause. The right monitoring solution can provide the smart IT people with the information they need to prevent or minimize downtime and meet service level expectations.



Choosing and Managing the Cloud

The Challenge

U.S SMB Cloud Computing & Services Expenditures 40% CAGR



Earlier when we discussed the need to deliver services at the speed of the business, we talked about a “Cloud First” approach. More MEs are thinking this way. According to Forbes and Compass Intelligence², the U.S. Small & Medium Business (SMB) cloud computing & services market **will grow from \$43B in 2015 to \$55B in 2016**. Further, **78% will have adopted cloud computing by 2020**, compared to 37% today.

For an increasing number of MEs globally, their cloud application and service providers are an integral part of their IT department. For the small IT departments of MEs that are already overworked keeping key systems running, Cloud-based systems are particularly valuable. Cloud providers offer continuous delivery of new enhancements along with subscription-based pricing making budgeting for services predictable and manageable.

But how does a small IT team help choose and manage new cloud services?

Source: Compass Intelligence

Choosing and Managing the Cloud

Practical Solutions

ME IT teams need to lead the adoption of cloud for their companies. They do this by becoming the trusted advisors to the business along three dimensions:

Understanding Cloud Solutions Capabilities: IT leaders need to work closely with their business partners to understand the business requirements and match these to the right Cloud solution. By knowing capabilities of competing Cloud solutions, IT leaders help the business choose the solution that will meet their needs today and in the future.

Ensuring Reliability: Review the data and SLA agreements for Cloud services under consideration. IT leaders are able to ask the right questions to assess how well Cloud services will perform for the business. Further, IT leaders need to ensure performance by having their own Cloud monitoring capabilities which can complement those delivered by the Cloud provider.

Security, Security, Security: Security is a top priority in every new service, and the cloud is no different. Cloud providers have become increasingly better at securing their environments, and many now have a description of their approach as well as a historical record. Again, knowledgeable IT leaders are able to assess Cloud providers security capabilities and security record.



“Good Enough” Security

The Challenge

As just mentioned, security is always a priority. Data breaches are expensive and just as painful for MEs as they are for large enterprises. Unauthorized access to sensitive information can cause financial losses, reputation damage, and expose companies to regulatory penalties for privacy violations. **According to the Ponemon Institute⁴, the per capita cost of a lost or stolen record increased from \$145 in 2014 to \$154 in 2015, with the average outage costing between \$1.5M and \$6.5M.** US, Canada and Western European countries were all at the top of the range. Of the 350 companies participating in the Ponemon study, 57% were MEs; over 100 had less than 1000 employees, and another 98 had 1001 - 5,000 employees.

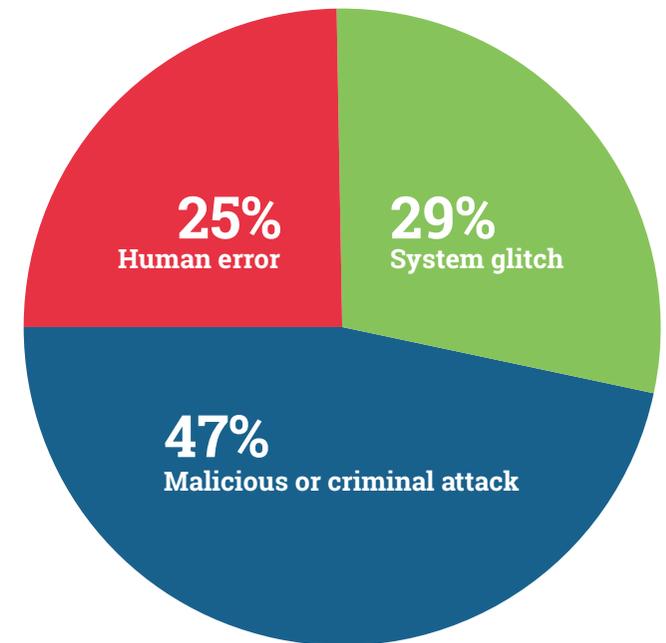
The Ponemon Institute Study also shows the three primary causes of data breaches:

47% from malicious or criminal attack

29% from system glitches

25% from human error

Reducing these exposures is crucial for ME IT organizations. In addition to choosing secure cloud solutions (discussed in the previous pages), MEs can address these security challenges in their internal environment with practical and complementary solutions.



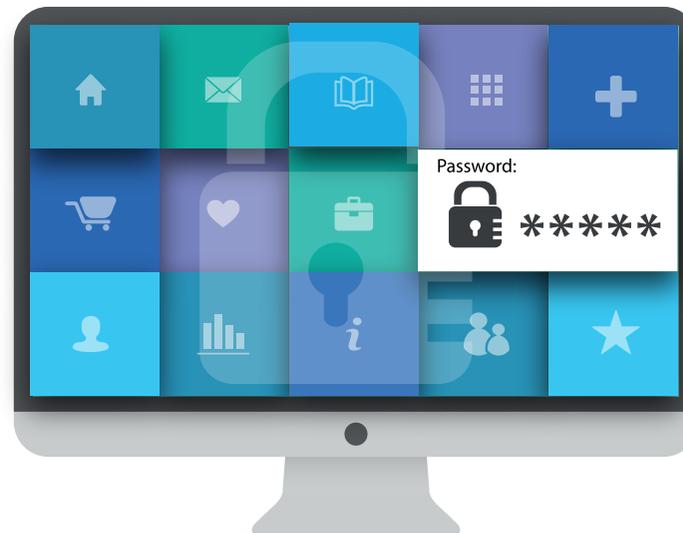
4. Source: Ponemon Institute: 2015 Cost of Data Breach Study: Global Analysis

“Good Enough” Security

Practical Solutions

Security should be at the top of every employees priority list. However, IT departments are almost always under the microscope. They might even have to take the brunt for other departments security mistakes. Taking the following steps can reduce MEs risks of a data breach:

Prevent Human Error: A good security policy, proper training and regular audits can prevent human error. The security policy should define confidential material, access and handling of material, clear-desk requirements, systems management, situational responses, etc. Policy-related training should then be developed and delivered to all employees. Regular audits can then ensure that employees take the policy seriously.



“Good Enough” Security

Avoid System Glitches and Manage Access: Keep all systems updated with the latest patches and carefully authorize and manage systems access. Systems must then be monitored for compliance to policies. And the monitoring system itself must be secure. Administrators typically have access to confidential information. According to Verizon's Data Breach Investigations Report⁵, “The easiest and least detectable way to gain unauthorized access is to leverage someone's authorized access”, which means passwords can't ever be in clear text, and they need to be properly managed and protected.

Thwart Malicious or Criminal Attacks: It is difficult to thwart a determined attacker, but determined attackers are far less likely. MEs should focus on thwarting the opportunistic attacker, the one who takes advantage of lax security. In addition to the steps above, endpoint protection (antivirus/antimalware) and perimeter protection (firewall with intrusion detection) will likely cause an opportunistic attacker to move on to less secure targets.



5. Source: Verizon: Data Breach Investigations Report (DBIR)

Finding IT Talent

The Challenge

According to Dice's latest hiring survey⁶, finding highly-skilled tech talent will be a top hiring priority for companies in 2016. **A record 78 percent of hiring managers anticipate more hiring in the first half of 2016** compared to the second half of 2015. As more companies are looking to build upon their current tech infrastructures, the need for tech professionals is mounting, with **71 percent of companies looking to bolster their tech teams by 11 percent or more in the first six months of 2016**. Nearly half (49%) of hiring managers said the time to fill open positions has lengthened relative to last year. The ability to recruit these professionals has become increasingly more difficult for companies as the demand and level of competitors has increased.

MEs have an additional challenge in that their relatively small staff size means that they need people who can work with multiple technologies and services areas, including cloud, mobility, and social media.

6. Source: Dice: December 2015: Special Report, Hiring Survey



Finding IT Talent

Practical Solutions

Think young, connected, and tech-savvy. Yes, Millennials. There I said it.

Millennials?! Millennials have been described as “lazy, entitled, self-obsessed narcissists.”⁷ They have also been described as confident, efficient and ambitious⁸. The one thing we do know is that they are tech-savvy. They understand cloud, mobility, and social media technology. Many have been their own IT services and support team since they were 5!

Less experience, more drive. More companies are taking this approach. Dice’s latest hiring survey results show that companies are taking a greater interest in candidates with less experience. **More than a quarter (27%) of hiring managers said they plan to hire entry-level candidates**, up nine points from last year, and 62 percent said they desire candidates with two to five years’ experience, up eight points from 2014.

Attract and Retain. In light of this competition, MEs need to differentiate themselves, using their relatively small size, high growth rate and multifaceted job responsibilities. Smart young people can learn more, do more, and advance more quickly if they join a smart young company. Put in place the training and technology to help young people succeed. In particular, intuitive, automated IT tools help young IT leaders support more systems and applications, and quickly add value.

7. Source: Time: Millennials: The Me Me Me Generation

8. Source: CNBC: Why do millennials get such a bad rap at work?

Conclusions



Deliver New IT Services

MEs need to solve the same IT challenges as larger enterprises, but do it with smaller budgets and fewer resources. It means they have to be practical and smart about the solutions they choose.



Meet Service Level Expectations

Effective use of technology, including new Cloud solutions, smart security products, and innovative IT monitoring tools, is fundamental to an MEs ability to address top IT challenges without breaking the bank.



Choose and Manage the Cloud

Intuitive, automated solutions allow IT teams to be more productive, even with more junior people, providing greater flexibility in hiring and team assignments.



Provide “Good Enough” Security

ME IT teams who successfully address these challenges will be able to deliver the new services that the business needs, exceed service level expectations, and protect the company from data breaches.



Find IT Talent

The Next Step

Effective IT Monitoring is fundamental to solving ME IT challenges.

The latest version of **Opsview Monitor Enterprise Edition** streamlines IT monitoring to help IT deliver new services, exceed service level expectations, and maintain a secure environment.

- ✓ **Faster Performance**
- ✓ **Intuitive Central Management Console**
- ✓ **Secure Platform**
- ✓ **Easy to Configure Dashboards and Reports**



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